

Message Text

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PAGE 01 STATE 174404

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FM SECSTATE WASHDC

TO AMEMBASSY BERN PRIORITY

LIMITED OFFICIAL USE STATE 174404

E.O. 11652: N/A

TAGS: EFIN, US, SZ

SUBJECT: VIOLATIONS OF SEC REGULATIONS ALLEGEDLY INVOLVING
SWISS FINANCIAL INSTITUTIONS

REF: BERN 3045

1. COPY OF SEC CHAIRMAN HILL'S PREPARED STATEMENT BEFORE
COMMERCE, CONSUMER AND MONETARY AFFAIRS SUBCOMMITTEE OF
HOUSE COMMITTEE ON GOVERNMENT OPERATIONS ON JUNE 28
AIRPOUCHED TO KEMPE. TRANSCRIPT WILL NOT BE AVAILABLE FOR
SOME TIME. HILLS TESTIMONY DID NOT DEPART SUBSTANTIALLY
FROM PREPARED STATEMENT.

2. SWISS EMBASSY SENT COPY OF STATEMENT LAST WEEK TO
POLITICAL DEPARTMENT. YOU MAY WISH TO SUGGEST THAT SWISS
BANKING COMMISSION OBTAIN COPY FROM THEM RATHER THAN WAIT
FOR OURS.

3. SEC HAS PROVIDED FOLLOWING DETAILS WHICH YOU MAY PROVIDE
SFBC FOR ITS OFFICIAL USE ONLY. COMMENTS ARE KEYED TO PAGE
NUMBERS OF PREPARED STATEMENT.

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4. PAGE 4 PARA ONE REFERS TO INVESTMENT PROPERTY BUILDERS

(BANK VOM LINTHGEBIET) AND COSMOPOLITAN INVESTORS FUNDING

COMPANY (BANK HOFMANN). AS EMBASSY AWARE, BOTH CASES ARE CURRENT AND SEC HAS MAILED SERVICE OF PROCESS OVER DEPARTMENT'S OBJECTIONS.

5. PAGE 5 PARA ONE CONCERNS SALE OF 251,800 SHARES OF PAN AMERICAN STOCK BY UNION BANK OF SWITZERLAND THROUGH GOLDMAN SACHS ON NEW YORK STOCKEXCHANGE ON JULY 14, 1975, WHICH WAS THE DAY BEFORE IRAN DEFERRED A \$300 MILLION RESCUE OPERATION OF PANAM.

6. PAGE 5 PARA TWO REFERS TO THE PURCHASE BY EIGHT EUROPEAN BANKS (SEVEN OF WHICH WERE SWISS) OF ABOUT 40,000 SHARES OF UNIVERSAL OIL PRODUCTS STOCK AT PRICES RANGING BETWEEN \$12 AND \$18 A SHARE DURING THE TWO WEEK PERIOD JUST PRIOR TO THE PUBLIC ANNOUNCEMENT IN APRIL 1975 OF A TENDER OFFER BY SIGNAL COMPANIES, INC. FOR UOP STOCK AT \$21 PER SHARE.

7. PAGE 6 PARA TWO REFERS TO THE UNION BANK OF SWITZERLAND WHICH SUPPOSEDLY HELD ABOUT 400,000 SHARES OF GULF RESOURCES AND DEVELOPMENT CORPORATION IN AUTUMN 1974.

8. PAGE 7 IS WELL KNOWN GENERAL REFRACTORIES CASE INVOLVING SWISS BANK CORPORATION.

9. SWISS BEARER STOCK CORPORATIONS MENTIONED ON PAGE 9 COME AND GO WITH VARIOUS NAMES.

10. WE WOULD BE INTERESTED IN ANY SWISS REACTION. KISSINGER

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